

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Industries & Commerce Department - Setting up of an Industrial Park for Automotive Industries, Engineering and Aerospace near Naidupeta, Nellore District by M/s. Caparo Engineering (India) Limited - Allotment of 2000 acres of land - Non implementation of the project as per schedule - Cancellation of MoU and permission to APIIC to cancel the land allotment - Orders - Issued.

=====

INDUSTRIES & COMMERCE (INF) DEPARTMENT

G.O.Ms.No. 41

Dated: 27.04.2010.

Read the following:

1. MoU, dt. 5.1.2008 between GoAP and M/s. Caparo Engg.(India) Ltd.
2. Govt.Lr.No.19581/INF.A1/07, dt. 7.1.08.
3. From the ZM, APIIC, Lr.No.ZO/NLR/IP.Naidupeta/Caparo/08/20170, dt. 18.3.08.
4. Govt.Lr.No.19581/INF.A1/07, dt. 29.3.08.
5. From the GM (HR&Admn), M/s. Caparo Engg. (India) Pvt. Ltd., Lr.dt.23.5.08 to the APIIC.
6. From the ED, M/s. Caparo Engg. (India) Ltd., Lr.dt.3.7.08 to the ZM, APIIC, Nellore.
7. From the ZM, APIIC, Lr.No.ZO/NLR/IP.Naidupeta/Caparo/08/20708, dt. 4.7.08 to the Caparo Engg. (India) Pvt. Ltd.,
8. From the Director, Caparo Engg. (India) Ltd., Lr.dt. 28.7.08 to the CMD, APIIC.
9. From the ZM, APIIC, Lr.No.ZO/NLR/IP.Naidupeta /Caparo/08/1/20611(A), dt. 23.10.08 to the Caparo Engg. (India) Pvt. Ltd.
10. From the ED, APIIC, Lr.No.4095/DW/08/Caparo (Swarajpal)/07, dt. 15.11.2008.
11. Govt.Lr.No.19581/INF.A1/07, dt. 23.1.09.
12. From the ED, APIIC, Lr.No.4095/DW/08/Caparo (Swarajpal)/07, dt. 24.7.09.
13. Govt.Lr.No.19581/INF.A1/07, dt. 18.11.09.
14. From the VC&MD, APIIC, Lr.No.4095/DW/08/Caparo (Swarajpal)/07, dt. 1.2.2010.
15. Govt.Lr.No.19581/INF.A1/07, dt. 15.3.2010 to M/s. Caparo Engg. (India) Pvt. Limited.
16. From the VC&MD, APIIC, Lr.No.4095/DW/D8/Caparo (Swarajpal)/07, dt. 15.3.2010.
17. From the GM (Legal) & CS, M/s. Caparo Engg. (India) Pvt. Ltd., dt. 14.4.2010.

===

ORDER:

The Government of Andhra Pradesh have entered into MoU on 5.1.2008 with M/s. Caparo Engineering (India) Private Limited for the establishment of Automotive Engineering and Aerospace and also for related social and other infrastructure, service facilities or for such other purposes as may be agreed upon between M/s. Caparo Engineering (India) Private Limited and the Government of Andhra Pradesh. In terms of the MoU, the Government have requested the Caparo Engineering (India) Private Limited in the references 2<sup>nd</sup> and 4<sup>th</sup> read above to furnish certain information on VAT, Power requirement etc., to take further necessary action.

2. The A.P. Industrial Infrastructure Corporation Limited (APIIC) through their letter 3<sup>rd</sup> read above has allotted land to the extent of 2000 acres at Industrial Park, Naidupeta, Nellore district to M/s. Caparo Engineering (India) Private Limited on outright sale basis on as is where is basis condition at Rs.1.00 lakh per acre subject to certain terms and conditions as stipulated therein. M/s. Caparo Engineering (India) Private Limited through letter 5<sup>th</sup> read above has paid the total land cost at Rs.1.00 lakh per acre to the APIIC including the EMD and Process fee. Further in reply to the letter dt. 3.7.2008 of the Caparo Engineering (India) Private Limited, the APIIC through their letter 7<sup>th</sup> read above has furnished all the required information as requested by the company.

Contd..

3. Among others, the following are the conditions stipulated by the APIIC in the land allotment orders which have to be fulfilled by M/s. Caparo Engineering (India) Private Limited.

1. M/s. Caparo Engineering (India) Private Limited should execute the outright sale agreement with appropriate stamp duty on full land cost at your own expenses and take physical possession of the plot invariably within one month from the date of final allotment orders. The entire procedure should be completed within one month from the date of issue of final allotment or from the date of payment of total cost of land. The sale agreement should be registered within (21) days from the date of communication on execution of sale agreement.
2. M/s. Caparo Engineering (India) Private Limited should utilize the land for the purpose for which it is allotted before seeking registration of the plot/ land in your favour.
- 3 (a) M/s. Caparo Engineering (India) Private Limited should commence construction of factory building duly obtaining building approvals plans from the competent authorities within 6 months of being put in possession and the company should go into regular commercial production duly erecting machinery and obtaining regular power supply connection within two years of being put in possession of the allotted plot/land.
- (b) Any extensions of time, if considered, will be subject to levying of penalty at 10% on the land cost at the prevailing rates. No extension for more than 2 years can be entertained.
4. M/s. Caparo Engineering (India) Private Limited should implement the project as envisaged and commence commercial production within two years of taking possession of the land/plot. If no such steps are taken within 6 months, the allotment is liable for cancellation.

4. As the company has not fulfilled the above conditions and as there is no activity at the site allotted to them, and no steps were taken for implementation of the project the APIIC through their letter, dt. 23.10.08 have issued a Show cause notice to M/s. Caparo Engineering (India) Private Limited to show cause within 15 days from the date of receipt of the letter as to why the allotment of land should not be cancelled for not taking action on implementation of the project.

5. The APIIC through their letter 10<sup>th</sup> read above has informed Government that there was no activity on the field except the ground breaking ceremony carried out on 8.5.2008. The persons responsible for this project implementation are not responding to the queries raised by the APIIC and the company has not made available any action plan with regard to the implementation of the project and requested the Government to accord permission to the APIIC to cancel the land allotment. As there is no response from the Project authorities and no business plans were furnished on the implementation of the project, the Government issued a show cause notice to the company through the letter, dt. 23.1.09 to the Caparo Engineering (India) Private Limited to show cause within 15 days from the date of receipt of the letter as to why the Government should not cancel the MoU entered into by the Government with the company and to cancel the 2000 acres land allotment made by the APIIC. Even for the notice issued by Government, there is no response from the company. However, considering the economic slow down of the company's plans, the Government have considered and extended time limit till the end of January, 2010 to start their activities. As there is no response from the company and no activity taken place on the land allotted, the Government have issued a final show cause notice on 15.3.2010 to send their response within 15 days from the date of issue of the letter to show cause as why the Government should not permit the APIIC to cancel the land allotment and also to cancel the MoU signed on 5.1.2008.

6. In response to the final show cause notice served, M/s. Caparo Engineering (India) Private Limited through their letter, dt. 14.4.2010, while submitting the issues on exemption from payment of stamp duty for the registration of the land etc., the company has informed that they will proceed to start with their plans on implementation of the project within a period of 6 months from the month of April, 2010 and requested Government to give convenient time to discuss the issue.

7. The Government having considered the economic slow down and other factors and waited for more than two years. M/s. Caparo Engineering (India) Private Limited has failed to take up the project implementation as per Memorandum of Understanding, dt. 5.1.2008. The company has not even submitted any business plan to start the activity even at this point of time. There has been unrest and disappointment among different sections of civil society about the absence of industrial activity in the area. Further, the prime objective of Government is to promote industries thereby provide employment to the locals as well as for the well being of the State. There have been a number of requests from industrial houses for allotment of land to set up their units in this area.

8. The Government, after careful consideration of the matter and after taking into consideration of all the above mentioned at para 7 above, hereby cancel the MoU entered into with the company on 5.1.2008 and to accord permission to the APIIC to cancel 2000 acres of land allotment made in favour of M/s. Caparo Engineering (India) Private Limited at the Industrial Park, Naidupeta, Nellore district.

9. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited is requested to take further necessary action accordingly.

[ BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH ]

B. SAM BOB  
PRINCIPAL SECRETARY TO GOVERNMENT AND  
COMMISSIONER FOR INDUSTRIAL PROMOTION

To  
The Vice Chairman & Managing Director,  
A.P. Industrial Infrastructure Corporation Limited, Hyderabad.  
The Managing Director & Chief Executive Officer,  
M/s. Caparo Engineering (India) Private Limited,  
Caparo India Operations, 7, Maruthi, JV Complex,  
Delhi-Gurgaun Road, Gurgaun-122015,  
Haryana State.  
FAX No. 91 124 4316832, 4016829.

The Commissioner of Industries, Hyderabad.  
The Collector & District Magistrate, SPSR Nellore District.

Copy to:

PS to Principal Secretary to Chief Minister.  
OSD to Minister for Major Industries.  
PS to Principal Secretary to Government & CIP., Ind & Com Deptt.  
Sf/sc

// FORWARDED :: BY ORDER //

SECTION OFFICER